

Scheme Advisory Board

HYBRID MEETING – 20TH FEBRUARY 2023

ITEM 11 – PAPER D

COST MANAGEMENT, BENEFIT DESIGN AND ADMINISTRATION COMMITTEE

1. The Committee received an update on **McCloud remedy**, which is dealt with elsewhere on the agenda. On the **Cost Control Mechanism** there was still no news on a response to HM Treasury's consultation on the SCAPE rate. However, it was noted that new rates were normally announced at a Fiscal Event (eg Budget, the next of which is expected on 15 March).
2. DLUHC has opened a [consultation](#) to amend the regulations governing the **Scheme Cost Assessment (SCA)**. SCA is the SAB's own parallel process for reviewing scheme costs, set out in Regulation 116 of the 2013 Regulations. The consultation was launched on 30th January 2023 and will close on 24th March 2023.
3. The key changes proposed are to re-align the SCA with HMT's [reformed cost control process](#) and give the SAB greater flexibility in the making of recommendations to the Secretary of State where there is a breach. Importantly, the consultation also reaffirms the Government's position that the SCA (and implementation of recommendations made from it) will operate prior to the HMT cost control mechanism. These proposals are in line with recommendations previously made by the Board. The SAB Secretariat will lead on the response to this consultation and propose to clear the response through the Chair.
4. The Committee was informed that the Secretariat had held a meeting with Barnett Waddingham (BW) where it was proposed that BW would produce the triennial **Scheme Level Valuation Report**. The report would be aggregated on a standard basis using the fund level valuation reports. The Secretariat have published a statement to encourage funds to share their reports with them as soon as they were ready. The final scheme level report is expected to be received back from BW around June.
5. The **academies working group** reported that it was developing a new section containing common nomenclature and information for academy conversions. This would be included in a revised [tripartite information note](#) that had previously been developed by DLUHC, SAB and DfE.
6. The initial data from GAD on the **Gender Pensions Gap** report has been received (and is at Annex A – a separate confidential document). As expected from other evidence, this showed significant cumulative differences in pension entitlement by gender. This meant that the gender pensions gap was greater than the reported gender pay gap in local

Scheme Advisory Board

government (although this was also influenced by the different population covered by the data).

7. The data also showed that an emerging gender pensions gap was evident for younger active scheme members (in their 30s-40s) and so it could not be assumed that we were on a path to eradicate gendered differences in accrual of pension entitlements. The Committee is recommending that the Board publish those initial findings, with appropriate caveats about comparison with local government gender pay gap data. The Committee also recommends that the Board approve GAD continuing to do further analysis to investigate what factors account for the differential outcomes. GAD will confirm ahead of the Board meeting the precise cost of this work.

8. The Committee heard that unfortunately it was not possible to do much analysis of the data collected by the Secretariat from funds on **opt outs** from the Scheme. Despite a good response from funds, it did not prove possible to reliably strip out the effects of auto-enrolment and there was also inconsistency in practice of recording data which has become apparent. While it was reassuring that there was no evidence of an increase in opt-outs, the data could not support any definite conclusion and so further work on this is being scoped.