

# Cost Management, Benefit Design and Administration Committee

DATE:	19 <sup>th</sup> February 2024
VENUE:	Hybrid meeting (MS Teams and 18 Smith Square)
TIME:	11:00am to 1:00pm

## AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Actions and Agreements from 30th October 2023 meeting	<b>Paper A</b>	11:10
4	Economic Activity of Public Bodies (Overseas Matters) aka BDS Bill - verbal update		11:15
5	McCloud Update		11:25
6	Update from Gender Pensions Gap working group		11:35
7	Update from Surpluses working group	<b>Paper B</b>	11:50
8	GAD Update on LGPS data for CCM valuation	<b>Paper C (CONFIDENTIAL)</b>	12:05
9	Opt Outs update	<b>Paper D</b>	12:20
10	Suggested changes to Committee Terms of Reference	<b>Paper E</b>	12:25
11	DLUHC Update		12:40
12	AOB and date of next meeting		12:50

# Cost Management, Benefit Design and Administration Committee

## MEETING OF 19<sup>th</sup> FEBRUARY 2024

### Item 3 Paper A

#### Hybrid meeting – 30<sup>th</sup> October 2023

#### Actions and agreements

#### Present

George Georgiou	Employee representative (GMB), Chair
Sean Collins	Practitioner – Oxfordshire Pension Fund
Simon Taylor	Practitioner – West Midlands Pension Fund
Emma Mayall	Practitioner – Greater Manchester Pension Fund
Glyn Jenkins	Employee representative (UNISON)
John Neal	Employee representative (Unite)
Charity Main	Academies representative (Anglian Learning)
Becky Durran	Actuaries – Aon
Steven Scott	Actuaries – Hymans Robertson
Graeme Muir	Actuaries – Barnett Waddingham
Clive Lewis	Actuaries – Mercer
Alan Wareham	Department for Levelling Up, Housing and Communities (DLUHC)
Mike Scanlon	Government Actuary's Department (GAD)
Martin Smith	GAD
Matt Gurden	GAD
Lorraine Bennett	Local Government Association (LGA) – Senior Pensions Adviser
Jo Donnelly	LGA – Board Secretary
Jeremy Hughes	LGA – Senior Pensions Secretary
Ona Ehimuan	LGA – Pensions Secretary
Becky Clough	LGA – Board Support and Policy Officer

#### Items 1 and 2 – Welcome, introductions and declarations of interest

1. The chair welcomed all in attendance to the meeting. Becky Durran deputised for Jonathan Teasdale (Aon); Steven Scott deputised for Catherine McFadyen (Hymans Robertson). There were also apologies from Kevin Gerard (Carmarthenshire Pension Fund) and Gareth Brown (LGA).
2. There were no conflicts of interest declared.

# Cost Management, Benefit Design and Administration Committee

## Item 3 – Actions and agreements from 26 June 2023 meeting

3. The minutes of the meeting on 26 June 2023 were agreed as a fair and true record of the meeting.

## Item 4 – McCloud update

4. Lorraine Bennett (LB) gave a verbal update to the Committee. Regulations were laid on 8 September 2023 and were effective from 1 October 2023. DLUHC issued an initial policy document which set out how cases should be prioritised. The final version was expected to be published in 2024 following a review by the McCloud guidance working group and a consultation.
5. The LGA has produced and circulated member communications in September 2023 and has a dedicated page on McCloud on the [LGPS member website](#). The page includes a video setting out key information on McCloud and an interactive tool for members to find out if they are affected. Content which funds can use for a newsletter to scheme members on the issue would also be published shortly. The team are also planning a workshop at the Pensions Managers' Conference in Torquay along with webinars on 7<sup>th</sup> and 20<sup>th</sup> December 2023.
6. Glyn Jenkins (GJ) asked whether it would be possible for scheme members who were part of another public sector scheme to potentially receive a double remedy as each scheme was reviewing casework. LB explained that it would be up to officers at each scheme to check the relevant service to be used. There would need to be an exchange of information between the two pension schemes to confirm information and it would take some time as it is a complex process.
7. George Georgiou (GG) asked how well prepared funds were to implement the remedy. LB confirmed that there was a mixed picture and that it was expected to take some time to deliver due to the complexity in the casework. In addition, funds did not yet have all the tools necessary as GAD had not provided all relevant factors yet and the administration software was still to be updated.

## Item 5 – Update on Gender Pensions Gap (GPG) working group

8. Becky Clough (BC) introduced Paper B to the committee. The GPG working group met for the first time on 9 October 2023. At the meeting, there were 12 reps from funds, actuaries, employers, the LGA and a law firm.

# Cost Management, Benefit Design and Administration Committee

9. The group had been convened to discuss the following issues:
  - a. Any in-scheme changes that may help address the levels of inequality (e.g. around the ability to buy back service, issue of multiple small pension pots)
  - b. Directing employers to best practice in managing the career paths of those who take time off for caring responsibilities and other life events (child related leave, divorce, bereavement, and career breaks)
  - c. Communicating with members to ensure they are informed about the potential pension implications of the career choices they make
  - d. 'Mainstreaming' analysis so to allow for proper evaluation of "what works" and how much is left to do.
10. The group discussed various reasons and policy issues affecting the GPG. The key areas for investigation were an extension to the current time period of an election for a Shared Cost Additional Pension Contribution (SCAPC) to allow more time for scheme members to make an election to buy back lost pension contributions following a period of authorised absence. There would need to be further investigation to determine whether this would be feasible.
11. The group also suggested that communications could be developed to outline the options that members have available to them at various life stages, which would assist employers in ensuring members are well informed.
12. The LGA workforce team also shared work they had planned to address the gender pay gap and how the group could get on board with that. The potentially negative impact of outsourcing on the GPG was also raised. The group agreed that the SAB Secretariat would collate the issues discussed and at the next meeting agree some specific actions to take forward.
13. The four next steps for the group are outlined as follows:
  - a. Investigate feasibility of changes to regulations to extend the deadline for scheme members to elect for SCAPCs
  - b. Plan specific communications needed for employers on the GPG to raise awareness of the specific issues which impact the GPG within the LGPS regulations, particularly during scheme member life events

# Cost Management, Benefit Design and Administration Committee

- c. Work with LGA workforce team on increasing awareness of GPG and identify the policy solutions which could have a positive impact
- d. Continue the discussions with DLUHC on the progress of New Fair Deal and impact of outsourcing on the GPG.

14. The Committee approved the next steps outlined and thanked the working group members for their input.

**AGREED – that the GPG working group explore the next steps detailed above.**

## Item 6 – Update from the surpluses working group

- 15. Jeremy Hughes (JH) introduced Paper C to the Committee. The working group was convened to discuss the issues that could arise from improved funding levels at the 2022 valuation, with many more funds being in surplus. The working group received a Terms of Reference to consider before the meeting and this was approved.
- 16. The Committee heard that the working group would focus on three main areas; the impact of surplus on employer contributions, on investment and funding strategies, and any SAB communication needed for employers and members (and their representatives) in response to this position. It was hoped that the Board could agree a statement of its position on this issue at the December meeting and then put this on the SAB website.
- 17. GJ stated that it would be important to ensure that employer contributions did not drop below employee contributions. JH added that the long-term stability of contributions was a matter of priority and the working group agreed early in their meeting that a key objective of the LGPS is to maintain stable contribution rates.
- 18. The next steps for the working group were proposed as:
  - a. To produce a statement from the Board on the surplus issue
  - b. To liaise with DLUHC to investigate whether any further guidance on employer flexibilities in the LGPS Regulations is needed
  - c. To discuss the surplus issue at the SAB LGPS Live webinar in December 2023.
- 19. The committee agreed the next steps detailed in the paper. The Committee thanked the working group members for their input.

# Cost Management, Benefit Design and Administration Committee

**AGREED – that the Surpluses working group explore the next steps detailed in Paper C.**

## **Item 7 – GAD update on LGPS data for the scheme cost control mechanism (CCM) valuation**

20. Mike Scanlon (MS) and Martin Smith (MSm) from GAD introduced Paper D to the committee. Centrally set assumptions were set out in Treasury Directions in late August, and scheme specific assumptions have been shared with the Board. Priority is being given to completing the valuations in the unfunded public schemes, as the valuations set employer contributions from 1 April 2024. It is expected that there would be draft results for LGPS E&W before the end of the calendar year.
21. GAD was pleased to report that fund data quality had improved since the 2016 valuation, with only 1 fund's data being missing and 99.3% of the data received passing GAD's reasonability test.
22. The committee were given high level information on the scheme experience results that would be contributing to the valuation and were invited to comment.
23. GJ asked whether there was data on change in average length of service since 2016. MSm explained that this was not discussed in the report but could be linked to the growth in the number of deferred members.

## **Item 8 – GAD advice on the SAB's scheme cost assessment assumptions**

24. Matt Gurden (MG) introduced Paper E to the committee. Paper E covered the advice commissioned from GAD on the different approaches and assumptions which could be set for the 2020 SAB scheme cost assessment process. MG explained that the advice considered different options for setting the discount rate. There was advice on other assumptions as well, and while these had varying effects on the outcome the final cost would largely depend on the setting of the discount rate assumption. MG explained that there were arguments to support each of the options set out in his paper.
25. Concerning the ratio of employer to employee contributions, MG said that this would alter depending on the discount rate chosen, as the employee contribution was known and fixed, while the notional employer contribution was calculated as total scheme cost minus employee cost.

# Cost Management, Benefit Design and Administration Committee

26. The committee were content with the advice in Paper E and to adopt a similar set of assumptions to those used for the HMT cost management process. It was also agreed that the preferred discount rate to use was the 2016 SCAPE rate. Final advice will be put to the SAB meeting on 4 December and the results of the cost calculations should be available broadly alongside those of the HMT mechanism.

**ACTION – that the Secretariat prepare a paper for the Board to approve the assumptions, including the choice of discount rate.**

## Item 9 – Opt Outs data and survey

27. BC introduced Paper F to the Committee. The SAB issued a survey to funds in late 2022 to collect opt out and 50/50 data. The data received proved difficult to analyse and therefore the Secretariat have been exploring other options. A Freedom of Information (FoI) request has been submitted to the Pensions Regulator (TPR) to request the opt out information held by TPR which is submitted by LGPS employers in their annual auto enrolment compliance returns.

28. If data is not available, or TPR are not able to disclose it, then a further option would be to issue a survey of all local authority employers, using the contacts held by the LGA Workforce team. This survey would cover a large majority of LGPS employers (approximately 80% of membership) but not all. The Secretariat could also use a survey of employers to obtain views, not just opt out data, on the importance of the LGPS in retention and recruitment.

29. The Committee noted the paper and agreed a survey of employers if the TPR data isn't available.

## Item 10 – Committee workplan

30. Ona Ehimuan (OE) introduced Paper G to the committee which detailed the main workstreams expected in 2024 and the Committee were invited to comment. Sean Collins (SC) asked whether there were any administrative topics that should be in this Committee's remit, given its title. It was acknowledged that there was some overlap between this Committee and the Compliance and Reporting Committee (CRC) when it came to administrative issues, and the Secretariat were planning to review and if needed propose that the Board considers revising the various committee remits and names.

**ACTION – that the Secretariat revisit the SAB committee structure and remit with the Board**

# Cost Management, Benefit Design and Administration Committee

31. It was suggested and agreed to add Pensions Dashboards, the work to quantify opt outs and implementation of the New Fair Deal policy to this Committee's workplan before submission to the Board.

**ACTION – that the Secretariat add Pensions Dashboards, Opt Outs and Fair Deal to the committee workplan before submission to the Board**

## Item 11 – Updated Terms of Reference (ToR)

32. BC introduced Paper H to the committee. It had been agreed at the last Board meeting on 17 July 2023 to update the ToR to reduce the number of meetings per year from four to three. The ToR for the committees had been updated to reflect this. The committee agreed the change in the frequency of meetings. As stated above, the Secretariat would be conducting a broader review of the current ToR and a paper outlining any changes would be brought to the next meeting.

**ACTION – that the Secretariat bring a paper on the wider changes to the ToR to the next meeting**

## Item 12 – DLUHC Update

33. Alan Wareham (AW) gave a verbal update to the committee. The team were in the process of analysing the responses to the investments consultation and a response would be issued as soon as possible.

34. On Good Governance, the CRC working groups had been working to revise various guidance documents. The priority at this stage was the revision of the Annual Report guidance which was hoped to be in place for March 2024. The Funding Strategy Statement guidance was also being revised and it was hoped that the guidance would be in place by December 2024, ahead of the 2025 valuation cycle. BC confirmed that the Secretariat would be working with DLUHC to determine work needed for this update. The Good Governance and Administration working group would be revising the Department's 2008 Governance Compliance Statement guidance document, however the timing for this was not yet confirmed.

35. On the separation of pension fund accounts from those of the host authority, it was unclear whether the Audit, Reporting and Governance Authority (ARGA) Bill, which had been proposed as a potential legislative vehicle for the change, would be included in the King's Speech on 7 November 2023. If it were not included, it seemed unlikely that there would be any change ahead of the next General Election. **[POST MEETING NOTE – the ARGA Bill was not included in the King's Speech]**

# Cost Management, Benefit Design and Administration Committee

36. On both New Fair Deal and Exit Pay reforms, there had been no further progress to report. In the case of New Fair Deal, JH highlighted that the SAB Chair, Councillor Roger Phillips has recently written to the Minister requesting that DLUHC issue a response to the New Fair Deal consultation which closed in 2019. AW said that the letter had been received and would be responded to.
37. On both survivor benefits and forfeiture, consultations were being planned, however timescales could not yet be confirmed.

## **Item 13 – AOB and date of next meeting**

38. There were no items raised under any other business. The date of the next meeting was confirmed as 19<sup>th</sup> February 2024.

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# Cost Management, Benefit Design and Administration Committee (CMBDA)

## MEETING OF 19<sup>TH</sup> FEBRUARY 2024

### ITEM 7 – PAPER B

#### SURPLUSES WORKING GROUP UPDATE

##### **Current position:**

1. The Surpluses Working Group was set up to explore the issues that may arise with more funds being in surplus.
2. The Group met on three occasions and comprised: Euan Miller (West Yorkshire Pension Fund), Peter Wallach (Merseyside Pension Fund), Elizabeth Vollans (South Tyneside Pension Fund), Sara Maxey (Essex Pension Fund), Jonathan Teasdale (Aon), Robert Bilton (Hymans Robertson), Michelle Doman (Mercer), Clive Lewis (Mercer), David Goldsmith (Osborne Clarke), Roisin McGuire (ICAEW), John Neal (Unite), Charity Main (Anglian Learning), Jennie Mulrooney (DfE), Emelda Nicholroy (UCEA), Aidan Smith (GAD), Teresa Clay (DLUHC), Joanne Donnelly (LGA) Jeremy Hughes (LGA), Becky Clough (LGA) and Ona Ehimuan (LGA).
3. The Committee previously approved some actions recommended from the Group's first meeting, namely:
  - To produce a statement from the Board offering our view of the main issues exposed in the Group's discussion.
  - Liaise with DLUHC to see if there is an appetite to provide further guidance on employer flexibilities in the LGPS Regulations.
  - Consider addressing these issues in one of our LGPS Live events.
4. The actions have all now been discharged and the Board's [statement](#) was published on 20 December.

##### **Future Work**

5. The group met again on 15 January to review the responses to the statement and decide what further actions might be needed. The response to the statement was generally thought to be positive and that its production was helpful.
6. The LGPS Live webinar in December had also been well received and there were so many questions coming in that it was agreed to run a further LGPS Live to continue and broaden the discussion for the February edition.

# Cost Management, Benefit Design and Administration Committee (CMBDA)

7. The Group felt that there was more to be said on some issues, such as what should be done about employers targeting an exit from the fund, the calculation of exit credits and the notion of “partial termination” which had been created by some advisers to allow scheme employers to “lock in” present market valuations for some classes of member (similar to a buy-in for private sector schemes).
8. However, it was agreed that rather than trying to issue a further statement on these issues it would be better to attempt to address them through the workstream that was revising statutory guidance on Funding Strategy Statements (FSS). That group had already included these items in its long-list of subjects to include in revised guidance.
9. That workstream had been paused for short time to allow the Secretariat to focus on producing the revised Annual Report guidance. As that project was now coming to a conclusion (see item 4 on the CRC agenda for its 12 February meeting), it was agreed that this should be the next highest priority. Several members of the group volunteered to join that working group to input more directly to that work.
10. With those issues being taken forward via the FSS guidance working group, it was agreed that the group did not need to meet together again. Jo Donnelly thanked everyone for their input and help with drafting the statement.

## Next steps

11. The Committee is therefore asked to approve that:
  1. The issues of employers targeting an exit from the fund, the calculation of exit credits and the notion of “partial termination” be remitted to the FSS working group for consideration
  2. Priority be given to the production of revised Funding Strategy Statement guidance
  3. The Surpluses Working Group now be closed.

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# Cost Management, Benefit Design and Administration Committee (CMBDA)

**MEETING OF 19<sup>th</sup> February 2024**

## **ITEM 9 – PAPER D**

### **OPT-OUTS SURVEY UPDATE**

#### **Background**

1. In late 2022, the Secretariat issued a survey to LGPS funds asking for data to show whether there had been an increase in the number of members opting out of the scheme, or opting into the 50/50 section, due to increases in the cost of living.
2. The results of this survey proved inconclusive, and since then the Secretariat has been exploring ways to obtain better data on opt outs. The secretariat began liaising with The Pensions Regulator to explore what data on opt out rates can be retrieved from TPR given their annual collection of auto-enrolment data from employers. It was agreed at the last CMBDA meeting that should this prove unsuccessful, a new survey on this should be issued to all local authority employers (i.e. not just administering authorities) using Local Government Association (LGA) workforce contacts.

#### **Considerations**

3. The Secretariat submitted a number of Freedom Of Information requests to TPR and has now received a reply with some data about enrolment rates for LGPS employers. The most recent exchange is at Annex A and while we are still exploring how much this can be relied on, given the associated caveats, it does not provide the level of detail that we believe the Committee would like to see.
4. As previously agreed, the Secretariat will design and issue a new Opt Outs survey. A new Data Analyst has been recruited to the SAB Secretariat team, starting in late March, and it is expected that the Opt Outs survey will be one of their first priorities.
5. We are also proposing that the scope of the survey be widened to include questions to determine whether employers collect the reasons for opting out and any data on the characteristics of those opting out, to determine how opt out rates vary across certain groups.
6. This proposal has arisen due to discussions resulting from the receipt of the Sharia Law and the LGPS report. After receiving the report, the

# Cost Management, Benefit Design and Administration Committee (CMBDA)

SAB engaged legal counsel to receive further advice, and this suggested that it would be useful to collect data on the reasons for opting out so we would have an approximate number of LGPS employees opting out on the LGPS on the basis of their faith.

7. Widening the scope of the survey should also allow for information to be collected on how opt outs rates vary by gender and how this relates to the gender pensions gap that has already been identified by GAD. Those members who have opted out of the Scheme will by definition not be reflected in the Gender Pensions Gap (GPG) analysis, but the GPG working group feels this information would be useful in considering how to tackle the underlying causes of inadequate pension provision for some female local government workers.
8. In pulling the survey together the Secretariat will be mindful of the Data Protection Act 2018 when requesting data from local authority employers. The Board has obtained [legal advice](#) on how we can balance advancing our statutory function with the obligations under the Data Protection Act 2018 and the Equalities Act 2010. It is expected that the survey will be designed in a manner that allows for employers to submit anonymised data as far as possible.

## Recommendations

9. That the Committee agree to widen the scope of the Opt Outs survey to collect data on the reasons for opting out and allow for analysis by specified characteristics i.e. gender and faith.

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# Local Government Pension Scheme (LGPS) data request

FOI reference - FOI-212

Date - 11 January 2024

## Request

The data we believe we are seeking is “The total number of staff employed on your duties start date or staging date” which is provided by funds to the TPR in their declaration. It would be also helpful if you could provide LGPS aggregated totals on: “The total number of staff you had put into a pension scheme” and “the number of staff who were already members of a pension scheme (on your duties start date or staging date)”. We’ve concentrated on the declaration of compliance but there may different data collected which we are not aware of.

To reconfirm, we would only expect data on a LGPS aggregated basis only, we wouldn’t expect (or require) any data to be shared at individual employer level. Ultimately, we are interested in the scheme-level picture of the LGPS and the number of employees eligible who have chosen not to join the LGPS and would welcome TPR’s assistance in obtaining this data.

## Response

We have carried out some analysis based on the initial declarations of compliance submitted by employers who have told us that they have automatically enrolled eligible jobholders into a LGPS scheme to the end of January 2024.

1. The total number of staff employed on your duties start date or staging date - 3,106,000
2. The total number of staff you had put into a pension scheme - 221,000
3. The number of staff who were already members of a pension scheme (on your duties start date or staging date) - 2,249,000

Please note the following caveats to the information above.

- We have no way of knowing whether the employers who have declared that they have used a LGPS scheme for AE also use other pension schemes for other parts of their workforce.
- Nor do we know that a LGPS scheme was used to contractually enrol the membership in point 3.

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# Cost Management, Benefit Design and Administration Committee (CMBDA)

**MEETING OF 19<sup>th</sup> February 2024**

## **ITEM 10 – PAPER E**

### **TERMS OF REFERENCE UPDATE**

#### **Background**

1. At the last meeting, it was reported that the Secretariat was conducting a broader review of each of the Board Committee's current Terms of Reference (ToR), scope and workplan. The CMBDA ToR, together with the Committee's scope and workplan, have been examined to ensure they are still relevant.

#### **Current position**

2. The Secretariat have concluded that the current CMBDA ToR and workplan is still generally relevant and appropriate, however there are some minor additions to the current ToR at paragraphs 3, 8, 15, 25 and 29 to provide clarity on the Committee's Remit and Scope, as well as the Membership and Reappointment process (paragraphs 3, 8 and 15). Paragraphs 25 and 29 have been updated to align with the Board's ToR. The updated ToR can be found at Annex A and the Committee are asked to approve the updated ToR.
3. Following the wider Committee review, this Committee may wish to note that the Secretariat have made the following 3 specific recommendations applicable to the other 2 Board Committees:
  - a) For the Compliance and Reporting Committee (CRC) to amend the current ToR to remove the specific number of seats within each category of membership. To allow more flexibility to manage the membership needed, according to the availability of members to sit on the committee and to achieve the aims of the committee workplan.
  - b) For the CRC, to add the role of 'governance advisor' to the list of membership categories.
  - c) For the Investment, Governance and Engagement committee to be renamed to the Investment Committee. For both the CRC and the renamed Investment Committee to agree that the Governance representative on the Investment Committee, Mary Lambe from

# Cost Management, Benefit Design and Administration Committee (CMBDA)

Aon, should move over to the CRC, along with another governance consultant (to be appointed).

## **Recommendations**

To approve the above recommendations, and to approve the changes to the CMBDA Terms of Reference.

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# Cost Management, Benefit Design and Administration Committee

**MEETING OF 19<sup>th</sup> February 2024**

## **ITEM 10 – PAPER E**

### **TERMS OF REFERENCE UPDATE – ANNEX A**

#### **Terms of Reference for the Cost Management, Benefit Design and Administration (CMBDA) Committee**

##### **Constitution**

1. The Local Government Pension Scheme Board (the Board) is constituted under Section 7 of the Public Service Pensions Act 2013 and regulations 110 to 113 of the Local Government Pension Scheme Regulations 2013.
2. Regulation 110 (4) provides that the Scheme Advisory Board (SAB) may establish sub-committees and working groups as and when required, whether short-term or otherwise.

##### **Remit and Scope**

3. The Committee shall consider items passed to it by the Board within the scope of Cost Management, Benefit Design and Administration (CMBDA) related to the Local Government Pension Scheme (LGPS). Such items may include a request for options to be brought back to the Board for further consideration and possible recommendation to the Secretary of State.  
One of the Board's statutory duties under the regulations is to undertake a cost assessment of the scheme and make recommendations to the Secretary of State if action is needed to bring costs back in line with the target cost. This is in addition to the process introduced by HM Treasury. The role of the CMBDA is to consider assumptions, methodology and any recommendations, while final approval of these remains with the Board.
4. The Committee may request that the Board approve its consideration of other items, within the scope, as the Committee judge to be significant to the effective running of the Scheme from time to time.
5. The Committee should limit their considerations to the remit and provide, as requested, information and options to the Board which shall reserve to itself the ability to make recommendations and/or release such information or options to any third party.

##### **Membership**

6. The Chair of the Committee shall be nominated and agreed by the members of the Board but does not have to be a voting member of the Board.

# Cost Management, Benefit Design and Administration Committee

7. Nominations for membership of the Committee may come from the Chair of the Board, the Chair of the Committee, members of the Board or the Secretariat. In accordance with Regulation 111 (6) appointments to committees shall be made by the Chair of the Board with the agreement of the Board members.
8. The Chair of the Board together with the Chair of the Committee shall seek to achieve a balance in the membership of the Committee between the various scheme stakeholders, appropriate to the remit and specific projects undertaken by the CMBDA.
9. Subject to the needs of the Committee, membership shall be limited to 20 members in total.
10. Appointed substitutes may attend if a Committee member is unable to attend.
11. Substitutes shall be determined by the same method of appointment as members of the sub-committee.
12. Substitutes will be provided with meeting papers, and subsequently with draft minutes, where their attendance is notified to the secretariat.
13. Members of the Committee should make arrangements to ensure substitute members (and vice-versa where the substitute attends) are briefed on discussions taking place at each committee meeting.
14. Substitute members are not permitted to attend meetings in addition to the member of the Committee.
15. The Chair and members shall serve for no longer than five years and may be reappointed on no more than one occasion. The reappointment process is the same as the nomination process whereby the Chair of the Board with the agreement of the Board members, confirms reappointment.

## Work plan

16. Each Committee is required to develop and submit a work plan for approval by the Board on an annual basis within the timescales advised by the Board. Committees shall strive to carry out the key areas of work in line with the agreed work plan but the work plan will be subject to flexibility to respond to other matters as they arise. The Chair of each Committee must update the Board on a regular basis on progress against that Committee's work plan, including any additional areas of work.

## Transparency and Communication

17. The membership, appointment processes, meeting dates, agendas, and minutes of the committee shall be published regularly by the secretariat on

# Cost Management, Benefit Design and Administration Committee

the SAB website. The Board may however choose to redact commercially sensitive or confidential information where Freedom of Information legislation so allows.

## Agreement of reports to the Board

18. Where the Board have asked for a report on the item or items under consideration the report shall be subject to receiving the approval of the Committee by consensus.
19. Consensus of the Committee shall be determined by the Chair. However, where consensus cannot be reached or where the view of the Chair is challenged, it shall not be put to a vote rather the Chair will notify the Board that a report cannot be produced by the Committee.

## Attendance

20. All Committee members are expected to regularly attend meetings. Where a member of the Committee fails to attend regularly, the Chair may seek for that person to be replaced.

## Quorum

21. The Committee will have formal quorum of 50% of the membership, rounded up where the membership is an odd number. Where the Committee has failed to meet its quorum over two consecutive meetings, an agenda item will be placed on the following Board agenda to allow it to reconsider the terms of reference and/or membership of the Committee if it is considered appropriate.

## Frequency of Meetings

22. The Committee will meet a minimum of three times a year. The Chair may call meetings more frequently if deemed necessary, or on the joint request of two or more Committee members.

## Declaration of interests

23. Each member of the Committee will be expected to declare, on appointment and at each meeting any interests which may lead to conflicts in the subject area or specific agenda of that committee meeting.
24. It shall be the responsibility of the Chair for ensuring that the Board is made aware of any conflict of interest which the Chair deems to be material to the work of the committee. The Board will then agree with the Chair either how to manage the conflict or, if that is not possible, replace the conflicted member of the committee with someone who is not conflicted.

# Cost Management, Benefit Design and Administration Committee

## **Administration**

25. The Board Secretariat will agree an agenda with the Chair prior to each Committee meeting. The agenda and any papers for the Committee will be issued at least 5 working days (where practicable) in advance of the meeting except in the case of matters of urgency.
26. The Board Secretariat will record high level minutes of each meeting including all actions and agreements which will be circulated to all Committee members within 10 working days after the meeting. These minutes will be subject to formal agreement at the following Committee before being added to the SAB website.

## **Remuneration of committee members**

27. Members of the committee or other attendees of committee meetings shall not be paid remuneration or expenses for attending out of SAB funds.

## **Personal Liability of committee members**

28. Members of the Committee shall carry no personal liability in respect of recommendations made to the Board in respect of any of the areas of work within the scope or workplan of the Committee.

## **Term of committee**

29. The committee will remain in place while the Board so chooses.

19 February 2024

Scheme Advisory Board Secretariat

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