

# Cost Management, Benefit Design and Administration Committee

## Item 2 Paper A

### **ACTIONS AND AGREEMENTS**

**MEETING HELD ON 18th MAY 2017 – 1.00pm**

**AT LAYDEN HOUSE, 76-86 TURNMILL STREET, LONDON**

### **PRESENT**

Fiona Farmer	Chair
Kevin Gerard	Technical Group
Sean Collins	Treasurers
Geoff Dobson	CIPFA
Geoff Reader	Practitioners
Emma Mayall	Practitioners (sub)
Alan South	Practitioners (sub)
Glyn Jenkins	Members (UNISON)
George Georgiou	Members (GMB)
Graeme Muir	Actuaries: Barnett-Waddingham
John Livesey	Actuaries: Mercer
Scott Campbell	Actuaries: Aon Hewitt
John Wright	Actuaries: Hymans Robertson
Jeff Houston	LGA - Board Secretariat
Robert Holloway	LGA - Board Secretariat
Liam Robson	LGA - Board Secretariat
Ian Boonin	GAD
John Bayliss	GAD
Darren Hill	DCLG

### **APOLOGIES**

Bryan Freake                      Members (Unite)

#### **1. Welcome, introductions and apologies**

The Chair welcomed all in attendance to the meeting. Geoff Dobson informed the committee that this would be his last meeting on his retirement. The Chair thanked him for his contribution to the work of the committee and wished him well in his retirement.

#### **2. Matters arising**

The Committee noted that the minutes for the previous meeting. Matters not included on the agenda included contribution yields, all other items were on the agenda.

# Cost Management, Benefit Design and Administration Committee

## 3. **Scheme Advisory Board Cost Management Process – GAD update**

The Committee received a presentation from GAD on their initial findings on membership data. In summary, there were some difficulties due to the reporting cycle covering 2014, which would not be a normal triennial cycle, but in conclusion, the data used was of sufficient quality for membership analysis.

GAD also provided an update on the actuarial assumptions needed for the Board's cost management arrangement. There were some elements that may exert pressure on the cost cap including pensioner mortality, withdrawals and promotional pay.

The general message was that there were no significant/material deviations from the assumptions adopted in 2013, and that work would continue to refine and finalise the analysis.

**AGREED – that work on the analysis will be finalised in time for SAB to take advice and discuss and agree the assumptions to be adopted at the next SAB meeting in June.**

## 4. **50/50 survey - update**

The Committee was provided with a summary paper of the responses received to date. A total of 5,582 responses had been received, and the survey was to remain live until the end of July 2017.

Initial indications show that around 60% of members of the Scheme responding were not aware of the 50/50 option. The percentage of respondents in the 50/50 section appears higher than the estimate for the whole scheme, which would indicate a higher level of engagement among 50/50 membership.

## 5. **Ill health retirement group**

The Committee noted the paper and progress that had been made since the last meeting. The three subjects of the paper covered; removal of the three-tier system (to be replaced with two "levels" – more in line with other public sector schemes); centralisation of an Independent Registered Medical Practitioner (IRMP); and early payment of deferred benefits on ill-health grounds.

# Cost Management, Benefit Design and Administration Committee

**AGREED – that the group should undertake further work and return to the committee with a firm proposal on removal of the third tier as part of a general move to simplify the scheme’s ill-health retirement provisions.**

**AGREED – that the group should undertake further work on the IRMP arrangements, and return to the committee with an assessment of options for change with recommendations.**

**AGREED – that the group should prepare a paper on payment of deferred benefits on ill-health grounds and return to the committee with a firm proposal.**

## 6. Late Retirement factors

The committee noted the draft paper setting out options for improving the way in which additional pension earned after a member’s normal retirement age is calculated which has been informally agreed with DCLG.

**AGREED – that formal discussions with DCLG and GAD should commence with the aim of options for change being made for the committee and SAB to consider before formal recommendations are made to DCLG Ministers. .**

## 7. Impact of Purdah

The committee noted that the impact of Purdah had meant that some work on exit payments, late retirement factors, new Fair Deal, Brewster cases and other issues will be delayed until after the general election.

## 8. AOB

### i) 2016 Valuation – initial findings

The committee noted the initial valuation findings and also the intention of the secretariat to publish all LGPS fund valuation reports with a summary note.

In addition, other issues discussed included the Pensions Ombudsman’s opinion on benefits on ill health, the action plan in place to improve valuation data extracts, resourcing of pension teams and possible action to be taken by the Pensions Regulator.

# Cost Management, Benefit Design and Administration Committee

## 9. Date of next meeting

**AGREED - that the next meeting of the Committee should be held in early autumn. Potential dates and times to be circulated via email after the meeting.**

\* \* \*