

Cost Management, Benefit Design and Administration Committee

Item 2 Paper A

ACTIONS AND AGREEMENTS

**MEETING HELD ON 29th JANUARY 2018 – 10.30am
AT LOCAL GOVERNMENT ASSOCIATION, 18 SMITH SQUARE,
WESTMINSTER, LONDON, SW1P 3HZ**

PRESENT

Naomi Cooke	Chair
Kevin Gerard	Technical Group
Rachel Brothwood	CIPFA
Geoff Reader	Practitioners
Emma Mayall	Practitioners
Sean Collins	Practitioners
Glyn Jenkins	Members (UNISON)
Bryan Freake	Members (Unite)
George Georgiou	Members (GMB)
Melanie Stephenson	Actuaries: Barnett-Waddingham
Clive Lewis	Actuaries: Mercer
Alison Murray	Actuaries: Aon Hewitt
Barry McKay	Actuaries: Hymans Robertson
Robert Holloway	LGA - Board Secretariat
Liam Robson	LGA - Board Secretariat
Mike Scanlon	GAD
Jeremy Hughes	MHCLG

APOLOGIES

There were no apologies

1. Welcome, introductions and apologies

The Chair welcomed all in attendance to the meeting.

2. Matters arising

Subject to a minor edit to the attendee list, the Committee agreed the minutes for the previous meeting.

3. Changes at DCLG/MHCLG – update

Cost Management, Benefit Design and Administration Committee

The Committee noted that Marcus Jones MP, had left his position as Local Government Minister at DCLG to take up a new role as Local Government Vice Chair at Conservative Campaign HQ. Rishi Sunak MP had been appointed as Marcus Jones' successor with responsibilities for the scheme and its advisory board. A meeting with Rishi Sunak MP and the Chair and Secretary of the Advisory Board was scheduled for 5th February 2018.

Under another part of the government's changes, DCLG will in future be known as the Ministry of Housing, Communities and Local Government (MHCLG).

4. SAB Cost Management Process – SAB assumptions

The Committee noted that the paper summarising the adoption of assumptions for the Board's cost management arrangement based on advice from Colin Wilson, the Board's actuarial adviser. The assumptions covered by the paper and annexed GAD report were discount rate, pay increase assumption and 50/50 take up rate.

Discussions around the 50/50 assumption concluded that the existing assumption should continue for now but considered again at the next valuation cycle. This will allow account to be taken of the proposed 50/50 awareness program. (see Item 5, Paper C of the 29th January 2018 agenda)

Agreed – that the SAB cost management arrangement will :-

- **adopt the lower SCAPE rate of 2.8% above inflation and follow any other future changes in the official rate;**
- **assume a general pay increase of 1.5% above inflation, and**
- **adopt an assumption that 5% of the overall scheme membership will opt to join the 50/50 section, equivalent to the existing assumption of 10% of total members, all with salary below £21,000 (FTE) opting to join the 50/50 section.**

Action – the Secretariat to draft a letter for the Board's Chair to send to GAD confirming the decisions taken by the committee for consideration by the Board when it meets on the 26th February 2018.

5. 50/50 awareness project

Cost Management, Benefit Design and Administration Committee

An online survey on the 50/50 option confirmed that there was scope for improving the level of awareness among scheme members and others completing it. The committee discussed the points raised in the meeting paper, and in particular, highlighted the practical difficulties around scheme employer v administering authority responsibility and the difficulty of targeting any planned communications to the right audience. Any proposal to restrict the option to any particular group of the scheme's membership was rejected on the grounds that it would lower the overall take up and in turn, increase the cost pressure under the cost management arrangement.

In agreeing that proposals for a 50/50 awareness programme should be put before the next Board meeting on the 26th February 2018, the committee recognised the importance of monitoring any project to ensure that it was effective in increasing awareness.

Agreed – that proposals for a 50/50 awareness programme should be presented to the Board for consideration.

Action - that the Secretariat will circulate to committee members for comment a draft paper setting out proposals for a 50/50 awareness programme to present to the Board meeting on the 26th February 2018.

6. IDRPs improvement

Previously, it had been agreed that the IDRPs should remain as it is, i.e. not to move from the current two stage arrangement to a single stage, but that the committee should examine the scope for improving the current arrangements.

The committee was asked to highlight any particular issues where improvement was needed. The consensus was that as the majority of IDRPs cases are in relation to appeals against medical decisions, any future work on IDRPs should be left to the committee's ill health retirement working group.

Agreed – that all future work on improving IDRPs should rest with the ill-health retirement working group.

Action – for the Secretariat to arrange a meeting of the ill-health retirement working group.

Cost Management, Benefit Design and Administration Committee

7. **Late retirement factors - update**

A letter for the Minister regarding the application of late retirement factors had been sent on 1st December 2017. The new Minister had replied in acknowledgement and confirmed that a response will be sent shortly. Subject to the content of the response, further discussions will proceed with MHCLG, GAD and other stakeholders on implementing the agreed policy.

8. **Ill health retirement group - update**

On consideration of MHCLG's reluctance to prioritise non-essential amending regulations, it was agreed that the group should nevertheless continue to progress work to ensure that a fully worked up and approved set of proposals is ready to be actioned at the appropriate time.

Agreed – that the work of the ill-health retirement working group should continue.

Action – for the Secretariat to arrange a meeting of the ill-health retirement working group.

9. **Academies/3rd tier employer projects - update**

Two working groups for academies; administration and funding, had met on 26th January 2018. The administration working group agreed that a standard template for data consistency and 'kite mark' for payroll providers would help improve administration efficiency. Initial discussions of the funding working group explored the concept of a single contribution rate for academy 'pools' or Master Academy Trusts (MATS). The strength of DfE's guarantee on exit liabilities and the requirement for stability of rates was also discussed.

Further meetings of the working groups were to be scheduled on a monthly basis.

The survey for the 3rd tier project had been completed by around 55 administrating authorities, 297 employers, and 2,617 members. An interim report on the project will be given at the Board meeting on 26th February 2018.

10. **AOB**

Cost Management, Benefit Design and Administration Committee

a) Emma Mayall raised the issue that administering authorities were having to expend a disproportionate amount of time on tax related queries relative to the number of members concerned. The question of whether the Board could provide some form of guidance or other means of assistance was discussed.

Agreed – that further work should be undertaken by the Secretariat to assess the extent to which the Board could provide guidance and help at a national level.

b) Glyn Jenkins reported that the law and guidance on fair deal appeared to be unclear regarding cases caught between the 2007 direction and 2003 circular.

Action – that the Board should be asked to approve advice from the Scheme Advisory Board legal advisor being sought.

c) Bob Holloway informed the committee that employee contribution bandings were due to be revised soon in line with the recent CPI increase. However, HM Treasury have yet to publish their Pension Increase Order and although the CPI for September is known to be 3%, increase processes cannot begin without the policy paper. Emma Mayall asked if this process could be accelerated in any way to give administering authorities more time to implement the changes. Bob Holloway agreed to take this up with the pension's team at the LGA.

d) Geoff Reader asked for an update on proposals for new legislation on exit payments, clawback, etc. Jeremy Hughes said that he was not in a position to confirm any details but did offer the view that one option might be for each public service pension scheme to come forward with their own proposals. .

e) Jeremy Hughes confirmed that amending regulations were expected in the next few months.

11. Date of next meeting

The next meeting dates were to be confirmed.

* * *