



# Shadow Advisory Board

- The 2013/14 annual report is on track for publication for the SSAB's 24<sup>th</sup> April event,
- Initial discussions with HM Treasury suggested that the SSAB may receive a response to its letter to the Chief Secretary to the Treasury on the public sector transfer club confirming that membership of the transfer club could be considered for cost control purposes, and
- The SSAB 24<sup>th</sup> April event programme had been confirmed and was now open for bookings via the LGA events page.

Cllr Quinn (KQ) requested that future events of the SSAB/ SAB are not arranged to take place in pre-election periods. This was **agreed** by all.

An informal discussion was held on an article published in Public Finance (also picked up in the Daily Express and the Mail on Sunday) by the Coventry City Council executive director of resources. Concerns were raised that the article's core argument seemed to be based on results from a valuation that had not yet been undertaken, and so it hypothecated figures that may not ever be effective.

However, it was noted that it was important that the LGPS did not take the concerns raised in the article lightly, and the SSAB had a duty to carry through its deficit management project to the fullest extent possible and communicate the benefits of that work to all stakeholders.

**Agreed** - Chair to write to CIPFA to voice concern on behalf of the LGPS of the factual errors in the article and to counter balance any damage done.

**Agreed** - Denise Le Gal (DIG) to write to the Centre for Policy Studies (CPS) with her concerns about the inaccuracies contained in their LGPS reporting.

### 3. **An introduction from the Government Actuary, Martin Clarke**

MC introduced himself to the SSAB and provided an overview of his background and his plans for the Department in his period as Government Actuary.

MC outlined that GAD, in their position as Scheme Actuary, will be beginning work in the coming months on the publication of the actuarial report under s13 of the Public Service Pensions Act 2013 and that cost effectiveness will be the focus of that report.

MC received a number of questions from the SSAB and stated that he thought the SSAB deficit management project would be a good thing which would be positive for the LGPS.

RP thanked MC for his attendance and introduction.

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## 4. **DCLG update on regulations and consultations**

Chris Megainey (CM) provided an update, noting the recent publication of Miscellaneous Amendment Regulations to which a few issues had still to be resolved and outlined that given the proximity to the pre-election period it was unlikely there would be further Government consultations or consultation responses in respect of the LGPS prior to the dissolution of Parliament on 30<sup>th</sup> March.

Fair Deal proposals are beginning to be shared with small groups. Once new Minister appointed after the election, the Board agreed that this should be a priority for the LGPS given that it remains outstanding and the other Scheme reforms were largely implemented in April 2014.

**Agreed** - The SSAB to consider writing to the Minister setting out its concerns after the election.

Investment Regulations: No formal consultation to be undertaken prior to the election and work still ongoing.

## 5. **Establishment of Scheme Advisory Board:**

### **a) Review of draft 2015/16 work programme**

### **b) Shadow Board and sub-committees from April 2015**

CM provided an update on the establishment of the SAB and confirmed that the position of Chair of the SAB would be advertised on the public appointments website prior to the commencement of the pre-election period.

Some dissatisfaction with progress over the past year was noted by Brian Strutton (BS), in particular with respect of putting in place Fair Deal in the LGPS and delays in the establishment of the statutory Scheme Advisory Board (SAB).

RP noted that the SSAB (to be followed by the SAB) will wish to engage pro-actively with the new Minister following the general election and efforts will need to be made after the election to ensure the voice of the LGPS is heard above competing priorities. Cllr le Gal (DIG) noted that this would be particularly necessary in respect of topics such as structural reform which will likely remain a Government priority in some form or other whichever party is/ parties are elected to office.

JH provided an overview of the work programme and budget presented, confirming that initial discussions had been held with a pension fund which had offered a resource to support the SSAB in its work until such time as the SAB is established with access to statutory funding.

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**Agreed** - The work programme and budget as presented to the Board was agreed.

## 6. Transfers to DC Schemes from April 2015

JH gave an overview of the 'Freedom and Choice' reforms as they apply to the LGPS, in particular in respect of how transfers to defined contribution schemes will operate from April 2015 onwards. It was confirmed that a technical guide and Q&A documents for Scheme members and Scheme employers were in development by the LGA pensions team and that a Q&A for pension funds had already been released.

Nicola Mark (NM) noted that many funds have experienced a rush in transfer requests as people seek to transfer their benefits prior to the requirement to take independent financial advice comes into effect. It was also expressed that there was concern in administering authorities that members would be at a heightened risk of fraud since transfers to defined contributions will be seen as more appealing following the introduction of the reforms.

**Action** - Secretariat to ask the sector for feedback on the impacts of Freedom and Choice on the LGPS, in particular to seek out if there are increased examples of concerning practices/ apparent fraud, so that a Scheme-wide impression may be formed as to whether there are national trends emerging, and consequentially whether steps may need to be taken to limit any practices of concern/ fraud.

## 7. Deficit management - recommendations for regulation changes

JH provided an update from the meeting held on 19th March 2015 at which a small SSAB working group sought to discuss the recommendations that the SSAB may want to make on deficit management regulation changes. An overview of each of the matters discussed and the agreements reached under each header was provided

**Action** - Following on from the discussions held, Secretariat to circulate a draft set of recommendations to the SSAB for comment prior to a further draft of recommendations being reviewed at the SSAB's 1<sup>st</sup> June meeting

## 9. Update from sub-committees

JH provided an update from the sub-committees following the meeting of the sub-committee chairs on 11<sup>th</sup> March 2015.

It was noted that as the secretariat support from the LGA would become more limited from April, new work for the sub-committees

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would not be taken on until further resource becomes available to the SSAB and the SAB (once established).

JH also noted that a focus for attention in the coming months would need to be consideration of the future structure of the SAB and whether five standing sub-committees would be necessary or desirable in the longer term. The use of ad-hoc working groups should be considered as a possible alternative.

## 9. Any other business

NM noted that the SSAB had a role to take a lead on collaboration in the LGPS and that further work should be undertaken on this aspect of the SSAB and SAB's remit in the future. This is particularly of importance given the continued focus on the costs of the LGPS, as highlighted by the recent BBC Radio documentary File on Four and the article in Public Finance which was the subject of an earlier discussion at the meeting.

**Agreed** - Collaboration should be a focus of the SAB's work programme when it is formally established later this year.

**Action** - As a first step, a collaborations section be included in the 2013/14 Scheme annual report to be published in at the SSAB event on 24<sup>th</sup> April 2015.

## 10. Date of next meeting

Monday 1<sup>st</sup> June, 1pm to 3pm  
Layden House, rooms A&B

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