

Cost Management & Contributions Sub-Committee

Actions and Agreements 30th March 2015

Item

1. **Apologies**

Present

Brian Strutton – GMB (Chair)
Bryan Freake - Unite
Jon Richards - UNISON
Emelda Conroy - UCEA
Geoff Reader - Practitioner
Paul Dale – CIPFA
Bob Holloway – DCLG
Mike Scanlon – GAD
Peter Summers – Hymans Robertson
Alison Hamilton – Barnett Waddingham
John Livesey – Mercer
Alison Murray – Aon Hewitt
Jeff Houston - LGA
Liam Robson - LGA
Con Hargrave - LGA

Apologies: Cllr Ann McLachlan - LGA, Richard Appleby - Practitioner, Nick Buckland - ALAT

2. **Actions and Agreements from 5th February 2015**

All matters were confirmed as being on the agenda for the sub-committee's discussion.

3. **Update on deficit management following Shadow Scheme Advisory Board (SSAB) working group meeting of 19th March 2015**

An update was provided by Jeff Houston (JH) following both the SSAB working group discussions on 19th March 2015 and the discussions of the full SSAB on 23rd March 2015.

It was noted that the proposed standardised funding calculations deadline of September in each valuation year would be tight but that stakeholders would have the opportunity to set out their views on this timescale in any future Government consultation on this topic.

A discussion was held on the possible need to move quicker to the 'blue sky thinking' phase of the deficit management project.

Agreed - The sub-committee's next meeting to include an agenda item on

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possible 'blue sky thinking' strategies for addressing the Scheme's deficit.

4. **Assumptions for standard funding calculations - remainder to be agreed.**

Please see the attached updated version of the assumptions paper, which outlines the agreements reached in respect of each assumption discussed (also confirming that for assumption 12 this should say 'at age 60' rather than 'at age 65').

Agreed - In respect of assumptions 11), 12) and 13), 'As Employer Cost Cap (ECC)' to be adopted for standardised funding calculations subject to any further comments received in the next two weeks.

Agreed - In respect of assumption 18), 'As Future Service Cost (FSC)' to be adopted for standardised funding calculations.

5. **GAD data requirements prior to cost control processes**

Mike Scanlon (MS) confirmed that work is continuing with the software suppliers to agree a data requirements spreadsheet that would contain the information GAD need for the 2016 valuation (clearing items 1, 2 and 4 of the GAD data requirements note).

In respect of item 5 of the GAD data requirements note, MS confirmed that they would be requesting full stock data as at 31st March 2014 for use in the cost control calculations.

In respect of item 3 of the GAD data requirements note, sub-committee members raised concerns that the splits in the cashflow data outlined in the GAD note may not currently be obtainable from employer payroll, pensions and accounting systems

Action - Secretariat to arrange meetings with 1) payroll software suppliers, 2) pensions software suppliers, and 3) LGPS accountants to establish the extent of the issues with the GAD cashflow requirements, and seek to agree means via which this data can be provided for the 2016 valuation to as full an extent as possible.

6. **Dry run of the SAB future service cost process**

Agreed - Subject to conversations with DCLG on the costs of the dry run of the FSC, the sub-committee to recommend to the SSAB at its meeting of 12th May 2015 that it proceed on the basis of the GAD quote.

It was confirmed by JH that discussions were ongoing with regards to the 0.4% cost of the extra year of revaluation that was included in the initial

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calculations of the Employer Cost Cap but wasn't factored into the original 19.5% LGPS 2014 Scheme cost.

It was also confirmed that discussions with HMT suggested that the SSAB may shortly receive a response to its letter on the public sector transfer club saying that the LGPS's continuing participation in the club could be considered as part of future cost management discussions.

7. **AOB**

It was confirmed that the working group that met on 19th March 2015 was a working group of the SSAB and non-SSAB attendees were only invited insofar as they substituted for SSAB members.

Bob Holloway (BH) confirmed to the group that work was being undertaken to produce guidance on the CETV Reduction Regulations recently laid before Parliament and that views would be sought on these in due course.

8. **Date of next meeting**

Next meeting of the sub-committee to be arranged for after the SSAB's 12th May 2015 meeting.