

Value for Money & Collaboration Sub-Committee

Actions and Agreements 7th May 2014

Item

1. Introductions and apologies

Present

Glyn Jenkins – UNISON (Member representative)
Dick Banks – Unite (Member representative)
Cllr Tony Deane – Wiltshire Council (Employer representative)
Richard Paul – UCEA (Employer representative)
Bob Claxton – LB Wandsworth (Practitioner)
Mark Wynn - Cheshire West and Chester Council (Practitioner)
Tim O'Connor - Wiltshire Council (Practitioner)
Nicola Mark – Norfolk CC (CIPFA)
Sean Collins – Oxfordshire CC (ALAT)
John Wright – Hymans Robertson (Observer)
Alison Hamilton – Barnett Waddingham (Observer)
Alison Murray - AON Hewitt (Observer)
Nick Jones - Cheshire West and Chester Council
Jeff Houston - LGA (Board secretariat)
Con Hargrave - LGA (Board secretariat)

Apologies: Paul Dale - LB Merton (CIPFA), Bob Holloway - DCLG, John Livesey – Mercer (Observer), Phil McEvoy - GMB (Member representative)

2. **Actions and Agreements from 11th March 2014**

Agreed - All actions on meeting agenda.

3. **Financial indicators of a good fund**

Agreed - The financial indicators aren't independently demonstrative of a fund being good or bad but need to be looked at as a whole.

Agreed - Funding level as used in tool for comparison needs to be calculated on common assumptions. Funding level can only realistically be re-assessed every three years at each triennial valuation. **[indicator 1a]**

Agreed - Funding level should be compared with a measure of contributions being paid in to the fund to reflect where funds with historic low funding levels are making efforts to improve these. This measure should be the proportion of a fund's deficit (as calculated under common assumptions) which that fund is paying off each year. **[indicator 1b]**

Agreed - Work will be needed to determine an agreed definition of a 'net' investment return.

Value for Money & Collaboration

Sub-Committee

Agreed - Net investment returns achieved over 1, 3 and 5 year period (the available data set) should be compared with the required investment returns of that fund. **[indicator 2]**

Agreed Net investment returns achieved over 1, 3 and 5 year period (the available data set) should be compared with the performance of other funds by median ranking. **[indicator 3]**

Agreed - Deficit spread period to be derived from the total deficit and annual deficit amount paid as used in indicator 1b. **[indicator 4]**

Agreed - Cashflows cannot be compared on a purely cash basis. Net inward cashflows should be viewed as a proportion of fund assets. **[indicator 5]**

Agreed - Investment costs should be reported on a consistent and transparent basis. Work is being undertaken through the CIPFA annual reports guidance to give consistent and comparable figures. **[indicator 6a]**

Agreed - Administration costs should fall within an agreed range, possibly set by reference to the CIPFA benchmark. Work is being undertaken through the CIPFA annual reports guidance to give consistent and comparable figures of administration costs. **[indicator 6b]**

Agreed - Sub-committee to consider further how a measure of risk adjustment and volatility can be introduced to the tool.

Action - Secretariat to reflect the above points in a revised list of financial indicators and issue to the sub-committee for agreement.

4. **LGPS investments data survey**

Agreed - Investments survey to be re-worked and re-issued to LGPS funds requesting fees and performance data split on aggregate active and passive bases, not at individual fund manager level.

Action - Secretariat to amend survey and re-distribute to funds.

5. **Collaborations event - draft programme**

Agreed - Government's consultation may have impacts on collaborations in the LGPS. Event should be scheduled for a time when there is a clearer sense of the Government's direction on reforms.

Agreed - Event programme to be firmed up in the coming months and carried forward to the agenda for the next meeting with a view to arranging

Value for Money & Collaboration Sub-Committee

an event in Autumn.

6. **AOB**

No other business was raised.

7. **Date of next meeting**

Fri 8th Aug – 11am-1pm

Millbank room (8.2), Local Government House, Smith Square, London,
SW1P 3HZ