

Cost Management and Contributions Sub-Committee

Actions and Agreements 7th November 2014

Item

1. Introductions and apologies

Present

Brian Strutton – GMB (Chair)

Bryan Freake - Unite

Jon Richards - UNISON

Paul Dale – CIPFA

Bob Holloway – DCLG

Mike Scanlon – GAD

Peter Summers – Hymans Robertson

Alison Hamilton – Barnett Waddingham

John Livesey – Mercer

Chris Archer – Aon Hewitt (*substituting for Alison Murray*)

Jeff Houston - LGA

Con Hargrave - LGA

Apologies: Cllr Ann McLachlan - LGA, Emelda Conroy - UCEA, Richard Appleby - Practitioners, Geoff Reader - Practitioners, Nick Buckland - ALAT, Alison Murray - Aon Hewitt

2. **Actions and Agreements from 3rd July 2014**

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

3. **Update on deficit management following Board meeting of 29th October 2014**

An update was provided by Jeff Houston in respect of the discussions had with regards deficit management at the meeting of the Shadow Advisory Board held on 29th October 2014.

4. **Board response to consultation on cost control regulations**

Agreed - The Board should not submit a response to the portion of the recent Government consultation *Better Governance and Accountability in the Local Government Pension Scheme* which relates to draft cost control regulations.

5. **GAD update on dry run of cost control process**

Within this section, the sub-committee also discussed the draft employer cost cap assumptions and methodology papers circulated.

Cost Management and Contributions Sub-Committee

Agreed - There are significant uncertainties about possible changes to the LGPS membership profile in the years to come and in particular it is unknown how future spending cuts may impact the LGPS membership via possible increased redundancies. Given the uncertainties, a proposed assumption for the employer cost cap that the membership profile of the LGPS would remain stable in terms of total payroll and in terms of distribution of pay by age and gender (based on data as at 31st March 2013) in the six years to 31st March 2019 would be most reasonable.

Action - Sub-committee members to submit further comments in respect of the draft GAD employer cost cap assumptions and methodology papers to the Secretariat for onward submission to GAD by 21st November.

Agreed - The sub-committee should await the GAD valuation report on the employer cost cap before deciding if the Board should commission from GAD a dry run of the Board future service cost process based on the 2013 valuation data.

6. **Cost control communications**

Agreed - The briefing note for administering authorities should link directly to the document detailing GAD's data requirements.

Agreed - The two draft briefing notes for members and employers should be combined and one briefing note for members and employers should be issued by the Board. An executive summary should be added which gives a brief overview to the cost control processes at the outset of the paper and the 'key points' boxes should be moved to the top of each section.

Action - The secretariat to amend the draft communications and re-circulate these to the sub-committee for comment. To be shared with LGA's communications team for their input.

Action - Sub-committee members to submit further comments to the Secretariat on the draft timetable and draft process map which were circulated, in particular to consider the nuances of the interactions between the Board and HM Treasury processes.

7. **AOB**

The Chair raised the annual review needed to ensure the employee contribution rate bandings are achieving a 6.5% yield. It was **agreed** that the sub-committee consider this matter further - including whether any changes to the bandings are proposed - via email.

Action - GAD to provide to DCLG their assessment as to whether changes

Cost Management and Contributions Sub-Committee

to the employee contribution rate bandings for the 2015-16 Scheme year
are recommended.

Date of next meeting

Thursday 5th February, 11am - 1pm
Rooms A&B, Layden House (76-86 Turnmill Street, London, EC1M 5LG)