

Shadow Advisory Board

Item 5 - Paper 5a - Deficit management in the LGPS

This document outlines the matters for the Shadow Scheme Advisory Board's (SSAB's) awareness/ consideration under this agenda item:

- 1) to be aware of the issuance of a letter from the SSAB chair to LGPS pension funds re. the deficit management project, including the Board's work plan for tackling this project.
- 2) to consider the content of the draft communications plan for the project,
- 3) to consider the programme for the SSAB event to be held on 24th April, and
- 4) to consider the recommendations made by the sub-committee in respect of the assumptions to be used in the SSAB's consistent funding level calculations.

1) Deficit management letter/ work plan

On 29th January, a letter was issued to those in LGPS pension funds confirming the SSAB's deficit management project and introducing its work plan for taking this project forward. In summary this letter:

- 5) provided an overview of the background to the Board's work following the Ministers' request that this matter be considered further by the SSAB in a letter sent in May 2014,
- 6) outlined how the project commenced, with the establishment of a deficits working group and the commissioning of a specialist piece of work from PwC,
- 7) detailed the main findings of the PwC report, and
- 8) set out the SSAB's work programme for taking this matter forward.

The letter and the work plan issued are appended to this document.

2) Deficit management communications plan

Following the recommendation made at the last meeting that the SSAB seek to engage further with the sector, in particular on the deficit management project, a draft deficit management communications plan is included under this agenda item as **Paper 5b** for the SSAB's consideration.

3) SSAB event 24th April 2015 programme

A SSAB event has been scheduled for 24th April 2015 in order to provide more general information on the work of the Shadow Advisory Board, but with a particular focus on the deficit management project. A draft programme for this event is included under this agenda item as **Paper 5c** for the SSAB's consideration.

Shadow Advisory Board

4) Cost Management & Contributions sub-committee assumptions recommendations

The Cost Management & Contributions sub-committee will consider the assumptions which should be adopted for the SSAB's undertaking to produce funding levels for LGPS funds on a comparable basis at its meeting of 5th February 2015, and whether these should be set nationally or locally.

The paper that will be considered by the sub-committee at that meeting is located under this agenda item as **Paper 5d** with section 3 of that paper relating to the calculation of local funding levels on a comparable basis.

The SSAB are asked to consider the sub-committee's recommendations in view of the verbal update provided.

Board Secretariat,
2 February 2015