

Shadow Advisory Board

Agenda item 7 - Cost control communications

Communications for sign off

At its last meeting the Cost Management & Contributions sub-committee reviewed two briefing notes, for administering authorities and for members/ employers respectively, which have been drafted for the purpose of explaining the salient aspects of the cost control processes to each party.

The briefing note for administering authorities focusses on the role which administering authorities will play in providing timely and accurate data to their local fund actuaries for use in the 206 triennial valuation process. It outlines the additional data which will be required by GAD in undertaking the process and asks funds to ensure that they can provide this information when it comes to submitting their 2016 valuation data.

The briefing note for members and employers seeks to provide a broad overview of the process as a whole, in particular outlining the differences between the two cost control processes. For members it focusses on the possible impacts of the cost control processes on the benefits structure and/ or scheme contributions. For employers, it tries to emphasise the differences between the cost control processes and individual employer contribution rates and that it is unlikely hat

The two papers for consideration under this item are:

- A briefing note for administering authorities, and
- A briefing note for members and employers.

The Board are asked to consider and agree these documents for publication on the Board website.

Letter received from DCLG

In addition, in November the Board received a letter (**as below**) from DCLG asking for further comment on the methodologies and assumptions papers produced by GAD in respect of the employer cost cap process. At the Cost Management & Contributions sub-committee meeting held on 7th November, sub-committee members were asked to feedback any views to DCLG on 21st November.

This recent informal consultation is further to the previous informal consultation that DCLG and GAD undertook in respect of earlier versions of both documents in April this year.

Shadow Advisory Board



Department for
Communities and
Local Government

Joanne Segars
Chair, Shadow Scheme Advisory Board
Local Government House
Smith Square
London
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Our Ref:
Your Ref:

14 November 2014

Dear Joanne

LOCAL GOVERNMENT PENSION SCHEME EMPLOYER COST CAP

I am writing formally to invite the Shadow Board to comment on the attached draft papers relating to the assumptions and methodology that the Government Actuary's Department, acting as the Scheme's scheme actuary, will use to prepare and publish the preliminary employer cost cap valuation report as required by the Public Service Pensions (Valuations and Employer Cost Cap) Directions) 2014.

The attached papers were submitted to and considered by the Cost Management and Contributions sub-committee meeting on 7 November. The sub-committee agreed to submit further comments to the Board, via the Secretariat, for onward submission to GAD by 21st November. Although the papers appear complex and technical, I should explain that the Board was consulted on early versions of both papers back in April. Annex J of both attached papers sets out the limited changes made since those earlier versions.

Finally, I should mention that in response to last Friday's meeting, a number of questions have been raised with GAD by UNISON. Mike Scanlon (GAD) is preparing a response which we will ensure is copied to you and the Secretariat for circulation to sub-committee and Board members.

A copy of this letter goes to Jeff Houston, Mike Scanlon and Brian Strutton as Chair of the Cost Management and Contributions sub-committee.

Yours sincerely,

BOB HOLLOWAY

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