

Shadow Advisory Board

SHADOW ADVISORY BOARD MINUTES MEETING HELD ON 15 SEPT 2014 AT LOCAL GOVERNMENT HOUSE, LONDON

PRESENT

Joanne Segars	CHAIR
Roger Phillips	Local Authority Employer - Non Fund Representative
Kieran Quinn	Scheme Employer Representative
Denise Le Gal	Scheme Employer Representative
Mary Barnett	WLGA Representative
Emelda Conroy	Non – Local Authority Employer Representative
Brian Strutton	Scheme Member Representative
Dick Banks	Scheme Member Representative
Garry Warwick	Scheme Member Representative
Jon Richards	Scheme Member Representative
Chris Tansley	Scheme Member Representative
Fiona Farmer	Scheme Member Representative
Nicola Mark	Local Authority Fund Practitioner Representative
Gary Delderfield	Legal Representative
Chris Megainey	Observer - DCLG
Robert Plumb	Observer – The Pensions Regulator
Helen Forrest	Observer - NAPF
Peter Summers	ACA
Bob Summers	CIPFA
Jeff Houston	LGA
Con Hargrave	LGA
Elaine English	LGA

1. APOLOGIES FOR ABSENCE

Apologies were received from Ian Bond and Chris Bilsland.

2. Actions and Agreements from 9th June 2014

Agreed – All actions from previous meeting agreed as undertaken.
The Secretariat informed the Board that the update on the tPR Code of Practice had been sent out following the meeting of 9th June.

Actions and Agreements from 28th July 2014

Agreed – All actions from previous meeting agreed as undertaken.

Action –

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1. Meeting with Minister. It was confirmed that the Minister was unable to attend this meeting as he was still learning his brief. A follow up letter to be sent asking for his availability to attend the next meeting. Cllr Phillips has a meeting with him on Wednesday 17 Sept and will also mention the importance of his presence at the next meeting which will assist with his induction process into the LGPS.
2. Budget for the Scheme Advisory Board: This will be updated once the final bill has been received in respect of Counsel Opinion.
3. Consultation on Board website. To date 70 have agreed to their responses being published on the Board website. A further email was sent earlier in the week to those that hadn't responded asking them if they were happy to agree to this.

3. Update from DCLG on:

a) Governance regulations

Chris Megainey informed the Board that the governance and cost control regulations were still with the Minister. It was confirmed that the consultation is anticipated to be of six weeks in length.

Bob Summers voiced his disappointment at the delay in the governance regulations and asked whether that meant there would be any changes to the draft regulations. Eversheds have been commissioned to undertake the first draft of local pension board guidance and it is imperative that the guidance isn't also delayed. Bob Summers confirmed that a sub-committee was scheduled for after the meeting to discuss the guidance in full detail.

b) Structural reform consultation

Chris Megainey informed the Board that 200+ responses had been received over the summer but, as there had been a change in Minister this had slowed down the process. It was however hoped, that a response would be published in October, within 3 months of the end of the consultation period.

Nicola Mark stated that an enormous amount of time and effort had been made from pension funds and others to respond.

Action – The Chair to formally write to the Minister highlighting the Board's concerns reiterating that the Board had now been operating for over a year without a Minister attending a meeting .

c) Fair Deal.

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Chris Megainey informed the Board that he had discussed this with the Minister who is keen to move ahead and set-up a group to look at the issues in the next couple of weeks and to road test the Government's plan for Fair Deal.

4. Update on:

a) Deficits working group

Jeff Houston informed the Board that the LGA had commissioned PwC to undertake this work following initial discussions at the Cost Management & Contributions sub-committee which were then continued within the Board's deficits working group.

It was confirmed that due to the Board's shadow status, the LGA had funded the report and had therefore formally commissioned PwC. It was also confirmed that upon receipt of the draft report, this would be circulated to Board and presented to the deficit working group prior to their meeting on Thursday 18th September.

Nicola Mark stated that the Board should have been informed directly that PwC had been commissioned. More transparent communication is needed in future.

Brian Strutton stated that he wasn't at the original Board meeting of 9th June when the decision to set up a deficits working group had been reached but, had he been he would have opposed the movement of this subject from the Cost Management & Contributions sub-committee to a working group as there are lots of linkages with cost management e.g. compatible data.

Jeff Houston stated that the emphasis was not on deficits per se just deficit management. He also confirmed that once the Board becomes statutory it would be for them to decide what work is commissioned.

Denise le Gal stated that Hymans Robertson have undertaken some work on comparing LGPS fund valuation results which may be of assistance in the Board's later considerations of this topic.

b) Governance working group

Agreed – Draft of local pension boards guidance to be released for consultation once draft regulations are issued. Board consultation period should coincide with DCLG consultation period/ Cllr Phillips to raise the ongoing delays with respect of the governance consultation at his meeting with the Minister this week.

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Action - Secretariat to refer to the ongoing delay to the consultation on governance regulations in the draft letter to the Minister and ask that this matter be prioritised.

5. Transfers from the LGPS to DC schemes from April 2015

Jeff Houston informed the Board that consideration of the adjustments needed to allow transfers from the LGPS to DC schemes from April 2015 is still with HM Treasury to consider but, initial thoughts are that in order to recognise the LGPS's status as a funded scheme the Scheme imports some private sector protections, namely:

- i) requirement for advice to have been taken
- ii) delay in transfer up to 12 months;
- iii) look at importing power to adjust transfer as it is made.

Action - Administration and Communications sub-committee to consider what needs to be done to improve the advice given to LGPS members by Independent Financial Advisors.

6. Review of draft counsel opinion ultimate guarantor of the LGPS

Agreed – A further meeting should be arranged for consideration of the draft opinion the opinion should be on the next agenda for discussion after Board members have had time to digest.

7. Reports from sub-committees

Jeff Houston gave a summary of the report outlined at Item 7.

- Administration and Communications are getting some ill health options costed by GAD.
- Cost Management and Contributions will meet following the commencement of the consultation on cost control regulations.
- Governance and Standards will continue their work in drafting and reviewing local pension board guidance, prior to review by the Board.
- It was confirmed that the Investment and Engagement sub-committee will be meeting Thursday 18th September;
- Value for Money and Collaboration - a draft programme for a Board collaborations event was reviewed. Further sub-committee meeting to be arranged.

Action – Agenda for next Value for Money and Collaboration sub-committee meeting to include item on collaborations event programme. The event should also include general content on the Shadow Scheme Advisory Board. Secretariat to consider the financing of the event prior to the meeting of the sub-committee.

8. AOB

Shadow Advisory Board Secretariat

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Nicola Mark noted the need for creative communication from the Board and real engagement with fund practitioners.

Robert Plumb outlined that more information on public service pension schemes will be uploaded to the Pensions' Regulator's website in the coming weeks.

9. DATE OF NEXT MEETING

Special meeting arranged to take place on Wednesday 29th October 2014:

9.30am - 11.30am

The Terrace Lounge, Local Government House, Smith Square, London SW1P 3HZ

Following meeting due to take place on Monday 8th December 2014

11am - 1pm

Room 8.1, Local Government House, Smith Square, London SW1P 3HZ

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